



MINUTES OF THE CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK

For the meeting held on
Tuesday, March 9, 2010 -1:00 p.m.
980 9th Street, Conference Center, 2nd Floor
Sacramento, California 95814

Chairwoman Marjorie Berte called the meeting of the California Infrastructure and Economic Development Bank (I-Bank) Board to order at approximately 1:00 p.m.

1. Call To Order and Roll Call.

The following Board members were in attendance:

Marjorie Berte, represented Dale E. Bonner, Secretary of the Business, Transportation and Housing Agency.

Cynthia Bryant, represented the Director of the Department of Finance.

Francisco Lujano, represented the State Treasurer.

Thomas Sheehy, Acting Secretary of the State and Consumer Services Agency.

D. Everett Rice, Governor's appointee.

The following I-Bank staff members were in attendance:

Stan Hazelroth, Roma Cristia-Plant, Molly Arnold and Paula Connors.

2. Executive Director's Report.

Executive Director Stan Hazelroth reported to the Board the following:

Jack Gualco, representative of the Imperial Irrigation District (IID), called with a status update on the litigation challenging the Quantification Settlement agreement. He conveyed that the IID is still working out its financing strategy, and does not anticipate any work on the guarantee until later in the year.

Mr. Sheehy asked for an explanation of the status of the litigation from Ms. Arnold. She reported that a trial court judge had determined that the entire Quantification Settlement Agreement was invalid, and that if this decision is not overturned by a court of appeal, it would be unlikely that the IID would invoke the final guarantee. She also conveyed that the I-Bank understands that IID is appealing that decision. Ms. Arnold also stated that it was possible that the court of appeal could issue a decision in the case by Fall, but that she thought this would be an aggressive schedule and surprising if the court of appeal issued a decision that quickly. Ms. Arnold reminded the Board that the preliminary loan guarantee commitment expires at the end of the 2010 calendar year and that there may be no resolution to the litigation in time for IID to issue bonds in this calendar year.

Consent Items:

3. Approve minutes from the meeting held on February, 23, 2010.

Chairwoman Berte called for questions or comments from the Board and the public. Hearing none, she entertained a motion to approve this consent item. Mr. Sheehy moved to approve the minutes and Mr. Lujano seconded the motion. The minutes were unanimously approved.

Action Items:

4. Resolution No. 10-10 approving the sale, issuance and delivery of tax-exempt refunding bonds in an amount not to exceed \$4,900,000 to (a) refund the California Infrastructure and Economic Development Bank Variable Rate Demand Bonds, Series 2002 (Guided Discoveries, Inc. Project) initially issued for the benefit of Guided Discoveries, Inc. to finance economic development facilities in Claremont, Idyllwild, Long Beach and on Santa Catalina Island, California, and (b) finance additional improvements to economic development facilities located in Idyllwild and on Santa Catalina Island, California.

Ms. Connors presented a staff report describing the financing request for Guided Discoveries, Inc. to refund \$2,065,000 in outstanding 2002 I-Bank bonds which were used to finance economic development facilities at several locations and to borrow an additional \$2,265,000 to make renovation improvements for an existing marine camp in Toyon Bay in Catalina and provide a new sewage treatment plant at recently leased Camp Fox on Catalina. Ms. Connors indicated that the 2002 bond-funded project locations included Guided Discoveries, Inc. headquarters in Claremont, Astrocamp in Idyllwild, and a sailing vessel, Tole Mour, in Long Beach,

Ms. Connors reported that Guided Discoveries, Inc. was established in 1978 and operates youth camps providing one to two week educational camps in marine biology, astronomy and sailing training in cooperation with schools throughout California. The organization served 44,000 students in the last year and has served a total of 500,000 since 1978. Ms. Connors continued her report with a description of the finance structure, then indicated that the funding of new project portion of the transaction will benefit the organization by financing a new waste treatment facility at Camp Fox which can expand the numbers served from 162 to 400 students, will mitigate environmental impacts of the aging sewer system on the island ecosystem, and an annual cash flow savings of \$60,000. Ms. Connors introduced Neda Norbush, bond counsel from Kutak Rock. LLP.

Chairwoman Berte called for questions or comments from the Board and the public. Hearing none, she entertained a motion to approve Resolution No.10-10. Mr. Rice moved to approve the resolution and Ms. Bryant seconded the motion. The Board unanimously approved the resolution.

5. Resolution No. 10-11 approving the extension of the maturity date, and tax-reissuance as non-AMT bonds of the California Infrastructure and Economic Development Bank Variable Rate Demand Industrial Development Revenue Bonds,

Series 2005 (Alegacy Foodservice Products Group & Eagleware Manufacturing Company, Inc. Project) initially issued for the benefit of EB Property Management, LLC, to finance an economic development facility in the City of Santa Fe Springs, California, and the amendment of certain documents in relation thereto.

Ms. Connors described the request for EB Property Management, LLC, (Alegacy Foodservice Products Group & Eagleware Manufacturing Company, Inc.) to amend certain documents of I-Bank's Industrial Development Revenue Bonds, Series 2005 to extend the maturity date of those bonds and trigger a reissuance of them for federal tax law purposes, which will allow the borrower to take advantage of a provision of the American Recovery and Reinvestment Act of 2009 (ARRA) that permits tax-exempt bonds issued during 2010 to bear interest that is not subject to Alternative Minimum Tax.

Ms. Connors reported that in 2005, the I-Bank issued industrial development bonds in the principal amount of \$6,000,000 for Alegacy Foodservice Products Group & Eagleware Manufacturing Company, Inc., that both companies are manufacturers of cookware and professional grade pots and pans, and that the proceeds were used to buy a 113,000 square foot building on five acres. Ms. Connors explained the purpose of the amendments and the benefits of the ARRA federal tax law. Ms. Connors reported that the amendment will extend the maturity date five years and one month, triggering reissuance for tax purposes. The Indenture and Loan Agreement will be amended. . She concluded her report by stating that because the amendments require bondholder consent, they do not fit within the scope of Resolution 08-35. Ms. Connors introduced Neda Norbush, bond counsel from Kutak Rock. LLP.

Chairwoman Berte called for questions or comments from the Board and the public. Hearing none, she entertained a motion to approve Resolution No. 10-11. Ms. Bryant moved to approve the resolution and Mr. Sheehy seconded the motion. The Board unanimously approved the resolution.

Other Non-Action Business.

Chairwoman Berte called for any other business; there was none.

Public Comment.

Chairwoman Berte called for any public comment; there was none.

Adjournment.

Chair Berte declared the meeting adjourned at approximately 1:15 p.m.